

TAX EXEMPTIONS FOR DIPLOMATS, DIPLOMATIC MISSIONS
AND RELATED DIPLOMATIC PERSONNEL

NOTE

ALL INFORMATION IN THIS MEMORANDUM SUPERCEDES ANY CONFLICTING STATEMENTS OR INSTRUCTIONS IN PUBLICATIONS N85-29 AND N85-29.1. MOST IMPORTANTLY, FORM DTF-800, CERTIFICATE OF SALES TAX EXEMPTION FOR DIPLOMATIC MISSIONS AND PERSONNEL IS NO LONGER VALID AND MAY NOT BE USED. FORM DTF-800 HAS BEEN REPLACED BY FORMS DTF-950 AND DTF-951 as of September 23, 1986.

Following are two important vendor notifications. Please be sure to read both carefully and retain them for future reference.

NOTICE NO. 1 DIPLOMATIC EXEMPTION FROM SALES AND USE TAXES
(AND EXCISE TAXES ON AUTOMOTIVE FUEL)
RETROACTIVE TO MARCH 1, 1986

GENERAL

The United States Department of State provides tax exemption cards to diplomatic missions and personnel whom they have determined to be exempt. (See sections on "Exemption for Taiwan" and "Other Exemptions" at the end of Notice No.1.) The card issued to qualified personnel is entitled "United States Department of State Tax Exemption Card" and bears a photograph of the individual to whom it is issued. For a qualified mission, the card is entitled "United States Department of State Mission Tax Exemption Card" and bears the mission's name and a photograph of the representative authorized to make purchases on behalf of the mission. All cards have relevant identification data, a tax exemption number and an expiration date.

A representative who is authorized to make purchases for a mission may not use the mission tax exemption card to make personal purchases. Furthermore, the representative may not use his personal check to make payment for exempt mission purchases; the mission must be the payer of record.

Both mission and individual exemption cards bear a color stripe to indicate the level of exemption. A blue stripe indicates that the card holder is exempt from all New York State and local sales and use taxes; a card with a green stripe indicates that the card holder is exempt from New York State

and local sales and use taxes except for taxes imposed on hotel room occupancy. Cards with red stripes are issued with different minimum levels of exemption: \$50, \$100, \$150, or \$200. The total of all items purchased in a single transaction must exceed the amount shown on the holder's card for any exemption to apply. Once the amount of the transaction exceeds the minimum level, the entire amount is exempt.

When making a purchase in New York State, the qualified mission or qualified individual is also required to give the vendor a properly completed "Certificate of Sales Tax Exemption for Diplomatic Missions and Personnel", Form DTF-950 or DTF-951. These forms are provided by the New York State Department of Taxation and Finance. Form DTF-950 is for use (with the tax exemption card) when a cash purchase is made or for any exempt purchase made by the holder of a tax exemption card with a red stripe. Form DTF-951 is a Blanket Purchase Certificate* for use when the method of payment is by a charge to an in-house or third party charge account. It may not be used to make an exempt cash purchase, and may not be used by a holder of a tax exemption card with a red stripe. This certificate covers purchases made on or before the date the holder's tax exemption card expires. The holder of a tax exemption card which has expired may not issue a new certificate (Form DTF-951) to a vendor until the card holder obtains a new tax exemption card.

The vendor must record the following information on every invoice of every sale covered by the exemption document: name and address of purchaser, tax exemption number of purchaser, and the date of sale. The purchaser must sign each invoice at the time of sale in the presence of the vendor. Vendors must keep all exemption certificates for at least three years after the due date of the last return to which they relate or the date when the return was filed, if later. Every vendor must also maintain a method of associating exempt sales transactions with the certificates on file, and comply with all other record keeping requirements. The misuse, within New York State, of any tax exemption cards authorized by the United States Department of State will be reported immediately to that Department. The following are examples of the combined use of the exemption cards issued by the United States Department of State and the New York State exemption certificates required to be issued to the vendor by the purchaser.

*Blanket purchase certificate - covers the current purchase as well as additional purchases made later, provided the exempt status of the issuer remains the same and all conditions in the original certificate are met.

Examples:

1. During the course of an afternoon, four customers enter a shoe store. Each customer is the holder of a valid United States Department of State Tax Exemption Card; the picture on each card is that of the card holder and all other required information is in place.
 - (a) Customer A's tax exemption card has a red stripe which indicates that \$50.00 is the minimum exemption level. Customer A purchases a pair of shoes at \$55.00. Accordingly, no tax is due provided the customer also submits a properly completed Form DTF-950, Certificate of Sales Tax Exemption for Diplomatic Missions and Personnel-Single Purchase Certificate, to the vendor.
 - (b) Customer B's card has a red stripe which indicates that \$150.00 is the exemption level. Customer B purchases a pair of shoes at \$68.00. Tax must be computed and paid on \$68.00.
 - (c) Customer C's tax exemption card has a red stripe and indicates a minimum exemption level of \$150.00. Customer C purchases three pairs of shoes at \$68.00 per pair, for a total of \$204.00. Since the total cost of the shoes exceeds the minimum exemption level, no sales tax is due.
 - (d) Customer D purchases three pairs of shoes which total \$157.00 and pays for them, using a bank credit card. The tax exemption card presented to the vendor has a blue stripe which indicates that all purchases are exempt from sales tax. Therefore, no tax is due provided the customer also submits Form DTF-951 or the vendor has a valid DTF-951 on file for that customer. If the payment had been made in cash, the customer would have been required to submit Form DTF-950 to the vendor even if the customer had previously furnished the vendor with a blanket purchase certificate.
2. A customer who holds a valid United States Department of State Tax Exemption Card with a green stripe occupies a hotel room for six nights. This customer eats four meals in the hotel dining room, pays in cash, and makes a cash purchase in the gift shop. Since the customer presented his tax exemption card to the vendors and gave a Form DTF-950 for each transaction, no tax is due on the gift shop purchase or the restaurant meals. However, the bill for the six nights' hotel occupancy is subject to sales tax. The green stripe on the tax exemption card indicates that this customer is not exempt from sales tax on the rental of hotel rooms.

PURCHASES OF UTILITY SERVICES

All holders of diplomat identification cards whose names appear on the list of accredited diplomatic missions and personnel furnished to providers of utility services by the United States Department of State are exempt from the sales tax imposed on utility services. The cards are issued by the United States Department of State Office of Protocol. The list will be issued to the New York State

Department of Taxation and Finance, as well as to the providers of utility services.

All holders of valid tax exemption cards, regardless of restrictions thereon, are also entitled to exemption from the sales tax imposed on utility services.

The tax exempt status of each utility account must initially be established by presentation of a valid tax exemption card or a diplomat identification card issued by the U.S. Department of State Office of Protocol and a Certificate of Sales Tax Exemption for Diplomatic Missions and Personnel to the supplier of the utility service. For these purposes, a holder of a tax exemption card with a red stripe or a diplomat identification card must use Form DTF-950. Holders of cards with either a blue or green stripe must use Form DTF-951.

Once an account has been properly established as exempt from tax, the supplier of utility services may continue to provide exempt services until notified in writing by the account holder, the United States Department of State, the American Institute in Taiwan or the New York State Department of Taxation and Finance that the diplomatic missions or personnel are no longer entitled to such exemption.

Diplomatic missions and diplomatic personnel who have been duly accredited by the United States Department of State to be exempt from sales tax on utility services, but whose names have not yet been furnished by such Department to the utility supplier, shall be entitled to a refund of taxes paid to such supplier from the time of such accreditation, upon proper application to the New York State Department of Taxation and Finance.

OTHER VENDOR RESPONSIBILITIES

- 1) A vendor must obtain a separate DTF-950, "Certificate of Sales Tax Exemption for Diplomatic Missions and Personnel" for:
 - (a) every cash or cash equivalent purchase transaction (personal checks, money orders and traveler's checks are some examples of cash equivalents), and
 - (b) every exempt purchase by a holder of an exemption card with a red stripe (except subsequent purchases of utility services, once the account has been established).
- 2) A vendor making a tax exempt sale to diplomatic missions and diplomatic mission personnel must retain a copy of the invoice, sales slip, statement, and any other original sales document executed, along with related exemption documents, for at least 3 years after the due date of the return to which it relates, or the date the return is filed, if later.

PURCHASES OF MOTOR FUEL

The United States Department of State has extended its automotive fuel (gasoline) and diesel motor fuel) tax exemption program to the New York State and New York City motor fuel taxes (excise taxes) and New York State and local sales taxes for diplomatic missions and diplomatic mission personnel in New York State, effective March 1, 1986.

In order for the diplomatic missions and personnel to receive exemption from the taxes imposed on retail purchases of motor fuel (gasoline) or diesel motor fuel, the United States Department of State or American Institute in Taiwan must certify to a major oil company which issues credit cards that the diplomatic missions or personnel are exempt from sales and motor fuel or diesel motor fuel taxes and diplomatic missions or personnel must obtain such credit cards from the oil company. When using the oil company's credit cards to make purchases of motor fuel or diesel motor fuel, the diplomatic missions or personnel will be billed by the oil company exclusive of the taxes from which they are exempt, even though the bills rendered by retail service stations will include such taxes. Vendors of motor fuel or diesel motor fuel may not sell such fuel to diplomatic missions or personnel without imposing the taxes on such fuel at the time of sale. There will be no exemptions permitted or refunds granted where diplomatic personnel use unauthorized credit cards or make cash purchases of motor fuel, regardless of their certified status. The exemptions described in this paragraph are retroactive to March 1, 1986.

In addition, diplomatic missions or diplomatic personnel purchasing tangible personal property other than automotive fuel (for example, tires and batteries) or services, such as an oil change, from a filling station or garage may make such purchases tax exempt by:

- (1) presenting a copy of the applicable Form DTF-950 or DTF-951 to the vendor, and
- (2) showing the vendor the Tax Exemption Card issued to the holder by the United States Department of State, and
- (3) signing the invoice at the time of sale in the presence of the vendor.

The oil company credit card cannot substitute for the valid tax exemption card when making purchases of tangible personal property other than automotive fuels.

EXEMPTION FOR TAIWAN

The American Institute in Taiwan (AIT) has been authorized by the United States Department of State to issue tax exemption cards to the Coordination Council for North American Affairs and its eligible employees. AIT determines who is eligible.

Exemption cards issued by AIT have a blue stripe and are similar in appearance to cards with a blue stripe issued by the United States Department of State Office of Foreign Missions (OFM) to diplomatic missions and personnel. AIT's tax exemption card is to be treated by vendors in the same

manner as a card with a blue stripe issued by OFM; that is, the card holder is entitled to an exemption from sales tax on all purchases, except purchases of gasoline and diesel fuel. The purchaser must submit a properly completed DTF-950 or DTF-951 exemption certificate when using the AIT tax exemption card.

OTHER EXEMPTIONS

Some diplomatic missions and diplomatic personnel may be eligible for limited exemptions from sales tax even though they have not been issued a tax exemption card. These missions and personnel must pay the tax at the time of purchase and apply to the New York State Department of Taxation and Finance, Sales Tax Refund Unit, for a refund. Application must be made on a properly completed Application for Credit or Refund of State and Local Sales or Use Tax, Form AU-11. A copy of the exemption document or letter issued to them by the United States Department of State, evidencing entitlement to exemption, must be attached to the refund application, along with proof of payment of sales tax.

NOTICE NO. 2 TOURIST AND TRADE OFFICES OF FOREIGN GOVERNMENTS LOSE TAX EXEMPT STATUS

Tourist and trade offices of foreign governments (including purchasing offices) are no longer exempt from sales tax, and their New York State Exempt Organization Certificates (Forms ST-119) were cancelled effective September 23, 1986.

In the past, the New York State Tax Department provided exemption from sales tax to foreign government tourist and trade offices that did not compete or influence competition with private domestic businesses. Recently, the United States Department of State held that these foreign government offices are not exempt from sales tax unless a specific agreement between the United States and a foreign government provides an exemption.

Vendors may not honor Exempt Organization Certifications (Form ST-ii9.1) bearing the following tax exemption numbers and must collect tax from these foreign government offices on and after September 23, 1986:

124320	127993	128010	128117	132435	146156
127976	127994	128013	128118	132436	150343
127978	127997	128014	128123	133092	152257
127979	127998	128015	128128	136156	153366
127980	127999	128016	128129	138234	154767
127981	128000	128017	128130	138572	157024
127983	128001	128019	128131	140509	159948
127984	128002	128020	128133	140654	167340
127986	128003	128023	128134	141176	167642
127988	128004	128024	128138	141972	167798
127989	128005	128025	131478	142367	169728
127990	128006	128026	131709	143426	170221
127991	128007	128114	132020	143699	178418
127992	128008	128116	132434	144199	